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C O N F I D E N T I A L SECTION 01 OF 02 CHENGDU 000284

SIPDIS

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TAGS: [ETRD](#) [EINV](#) [PREL](#) [SNAR](#) [SENV](#) [KTIP](#) [CH](#) [BM](#)
SUBJECT: BURMA'S CG IN SOUTHWEST CHINA DISCUSSES RISING TRADE,
INFRASTRUCTURE, BORDER TRAVEL, AND TRAFFICKING ISSUES

REF: A. A) CHENGDU 203; B) CHENGDU 206; C) CHENGDU 171;
[1](#)B. D) CHENGDU 169; E) CHENGDU 165

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CLASSIFIED BY: David E. Brown, Consul General, U.S. Consulate
General Chengdu, Department of State.

REASON: 1.4 (b)

[1](#)1. (SBU) SUMMARY: According to Burma's Consul General in
Kunming, July-August unrest on the border with China's Yunnan
province did not significantly affect overall bilateral trade,
which continues to increase. Trade between China and Burma
increased annually by: 11-18 percent between 2005 and 2007, and
20 percent between 2007 and 2008. The soon-to-start ASEAN-
China FTAA should further boost cross-border trade. Burma
welcomes expanded road and rail links to Yunnan, with
discussions on-going; border passes already make travel easy for
local residents. Win made perfunctory remarks regarding Burma's
efforts with Yunnan to combat trafficking in drugs, persons, and
endangered species. END SUMMARY.

Increasing China-Burma Trade; Not Affected by Unrest in Kokang?

[1](#)2. (SBU) Burmese Consul General Zaw Phyo Win, who has been in
Kunming for five months, told Chengdu CG and Conoff November 20
that trade between China and Burma increased annually by: 11-18
percent between 2005 and 2007, and 20 percent between 2007 and
[1](#)2008. Win stated that total trade volume between China and
Burma had reached over one billion USD in 2008, up from 500
million USD in 2005, and that the bulk of this trade was along
the border between Burma and Yunnan province. Win said that
Burma and Yunnan have had no problems in their commercial
relations, as illustrated by the continual increase in trade.
(Note: Win's statistics on the rate of increase in trade between
China and Burma roughly correspond with published Chinese
statistics, while his information about the total trade volume
is much less than these statistics. China's total trade volume
with Burma in 2007 reached 2.625 billion USD according to "China
Statistical Yearbook 2009," a 26 percent increase from a 2007
trade volume of about 2 billion USD. End Note.)

[1](#)3. (SBU) Win stated that trade between Burma and China was not
affected by the July and August 2009 unrest in Burma's Kokang
region. When pressed further, Win insisted that: the unrest had
only had a small impact on trade; problems were only short-term;
and normal trade had already resumed. (Note and Comment: We
have heard unconfirmed reports that the Chinese side recently
placed a ban on gambling trips into Kokang, which had been
particularly popular among local Chinese officials and

businessmen. If true, this may suggest that the border region has not fully returned to normal. End Note and Comment.)

Composition of Trade; ASEAN-China FTAA Will Expand Trade

14. (SBU) Win stated that China imports from Burma agricultural, marine, and forest products, and gems including jade. Burma imports from China machinery, fabrics, and "daily necessity products." (Note: A recent NGO report said that as much as 90 percent of the timber trade between Burma and Yunnan may be illegal, which would not be counted in official statistics. End Note.)

15. (SBU) Win said that economic cooperation between Burma and China was entering a "new phase" with the upcoming ASEAN-China Free Trade Area Agreement (FTAA), which will go into effect in 2010. Win stated that ASEAN-China FTAA (ref C) would create advantages and disadvantages for Burma's trade with China, but should expand trade significantly. Win added that trade barriers in "sensitive and highly-sensitive items" not covered by the ASEAN-China FTAA would have to be reduced "step-by-step," but did not elaborate on what these items were.

Pipeline, Road, and Rail Links: In the Works, but No Specifics

16. (C) CG and Win also discussed Burma's oil and gas pipelines,

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road, and rail links with Yunnan. According to western press reports, in April 2009, China and Burma signed an agreement to develop oil and gas pipelines from Burma's Arakan coast to Yunnan. According to a Yunnan academic, the start of the project had been delayed to next year, and the recent conflict in the Kokang region (refs A and B) could compel China to re-visit its agreement with Burma on the pipelines. Win claimed the project "had been started," but could not tell CG when it would be completed.

17. (SBU) CG also inquired about the economic impact of China's increasing road and rail links with Southeast Asia. Win stated that he believed the new highway running between Kunming and Bangkok would have no significant effect on trade between Burma and China - but gave no explanation for this assertion. When asked whether Burma was attempting to develop additional highway and railway links with Yunnan, Win stated that Burma looked positively on such planning, and that discussions with the Yunnan Provincial Government were on-going on. (Note: According to western news reports, negotiations have stalled on re-opening the 1,079 mile Stillwell Road (aka "Burma Road"), which runs from northeast India, through Northern Burma, and ends in Yunnan's provincial capital of Kunming. End Note.)

Border Traffic: Travel Easy for Local Residents

18. (SBU) CG and Win also discussed cross-border travel between Burma and China. According to Win, Burmese citizens can apply for border passes that allow them to cross into Chinese border areas for trade and investment. These border passes, Win continued, allow Burmese citizens to cross at specific border checkpoints, and also allow them to travel into China for medical treatment. Burmese citizens can travel to China from 1-12 months, depending on the type of border pass. Win also stated that Chinese businessmen can acquire border passbooks that allow travel into Burma for up to one year, but that most Chinese businessmen tend to return to Yunnan after a short stays in Burma border areas.

Vague on China-Burma Cooperation: Drug Trafficking, TIP, CITES

19. (SBU) When asked about the drug trade between Burma and China, Win gave vague answers, and stated that Burma authorities often seize and destroy illegal drugs in border cities. Win continued by describing an event where the Burma government invited diplomats stationed in Rangoon to the Yunnan-Burma border to observe the destruction of seized drugs, adding that "seeing is believing." (Ref D describes border anti-drug efforts from the perspective of Yunnan police officials.)

110. (SBU) Win stated that China and Burma were cooperating on preventing trafficking in persons, and that both Yunnan and Burma had opened offices to coordinate their response to the problem. Win stated that the cooperation was going well, and work was still ongoing to combat the problem. (Ref E describes anti-TIP efforts in Yunnan Province, and also suggests progress on TIP.)

111. (SBU) CG also raised the issue of trafficking in endangered species with Win, who simply stated that Burma had signed an international agreement banning the trade of endangered species (CITES), and that there was no such illegal trade between China and Burma.

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